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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: February 13, 2007

Coalition Strife Continues

1. The infighting in the SPOe/OeVP coalition has culminated in a sharp attack by Minister for Environmental Issues, Josef Prll on Chancellor Alfred Gusenbauer, reproaching him for "lack of leadership qualities." Prll said the OeVP did not have the impression that Gusenbauer sees himself as the head of the government team. This quarrel was apparently prompted by an announcement by Gusenbauer that he intended to nominate a climate protection expert - a move which offended Prll. In an interview with centrist daily "Die Presse," Greens party boss Alexander Van der Bellen predicts the coalition will not last the entire four-year term.

About a month after the grand coalition came into being, it is threatening by division on several fronts, writes centrist daily "Die Presse." Aside from the current controversy between Prll and Gusenbauer, there is the recent quarrel between Minister of Economy and Labor Martin Bartenstein and Minister for Social Issues Erwin Buchinger about the former's proposition for an elderly care reform scheme. The SPOe has hit a low point in the polls and is subjected to charges of engaging in activism that lacks substance. The OeVP is quick to make use of this vacuum; the OeVP in Lower Austria, where provincial elections are due to be held in 2008, is eager to lash out against the SPOe. In the interview with "Die Presse," Greens party boss Alexander Van der Bellen accuses the coalition of a "launch failure" - the new government started badly by avoiding the big issues, from climate protection to an education offensive. According to Van der Bellen, the government program is an accumulation of targets without measures, and of measures without budgetary cover. "In this way, you can muddle through for a year or so, but this is hardly a program for four years," he concludes.

Eurofighter Committee Resumes Investigation

2. On Tuesday, former Chancellor Wolfgang Schuessel and Minister for Economy and Labor Martin Bartenstein will testify before the Eurofighter committee. Former Minister of Defense Herbert Scheibner testified Monday and described the Schuessel's role in the Eurofighter purchase as that of a "mediator" between the Ministry of Defense, which had opted for the Gripen, and the Ministry of Finance, which had recommended purchasing nothing at all, if possible - or, if that was not an option, purchasing the best equipment, namely the Eurofighter. Scheibner could not say how the Ministry of Finance concluded the Eurofighter was indeed the best product.

The Committee is also investigating the connection between the controversial 6.6 million euro advertisement contract between the "100% Communications" agency of Gernot Rumpold, who coordinated the

BZOe election campaign, and Eurofighter producer EADS. Media have reported that the Rumpold Agency spent only 2 million of the 6.6 million on ads - it was not clear where the rest of the money went. Chancellor Gusenbauer had said that the Eurofighter contract would be obsolete if it turned out that some of the money had gone to the BZOe.

US Ambassador McCaw Congratulates Interior Ministry

13. Mass circulation tabloid "Neue Kronenzeitung" prints congratulations extended by US Ambassador McCaw to the Austrian Ministry of the Interior on its success in revealing an international child pornography ring. The Ambassador also commented favorably on the cooperation between the Ministry, other international law enforcement bodies, and the FBI.

Tempting Offer for Kosovo

14. On Monday, the EU foreign ministers signaled that they are ready to forge a compromise to get Belgrade to negotiate over the future status of Kosovo. In exchange for Belgrade's cooperation, the EU offered to resume talks about the association and stabilization agreement, which had been on ice since May 2006. In exchange for this offer, the EU expects Serbia to cooperate fully with the UN War Crimes Tribunal in The Hague, reports mass circulation daily "Kurier." Serbia is to make clear concessions and initiate actions that will in the long run lead to full cooperation with The Hague. The conclusion of the agreement with Serbia would depend on all alleged war criminals being extradited. This EU decision amounts to a loosening of the EU position according to which Belgrade's former General Ratko Mladic and other alleged war criminals must be extradited as a precondition for resumption of talks with Serbia. What makes the talks with the Serbian political elite difficult is the fact that no new government has yet been formed in Serbia - if no agreement is concluded between the Democratic Party of President Tadic and the nationalist-conservative DSS of Prime Minister Kostunica by May, there will be new elections, writes the daily. Independent of inner-Serbian developments, the Kosovo negotiations will be resumed in Vienna February 21.

North Korean Nuclear Talks Before Breakthrough

15. A breakthrough in the six-party talks on the North Korean nuclear program is apparently imminent. On Monday, US envoy Christopher Hill stated he was "very optimistic," adding "we have made great progress" toward an agreement on first disarmament steps by Pyongyang. Apparently, North Korea has consented to establish committees that will deal with how to implement the proposed agreement. Over the weekend, the six-party talks had been on the brink of being called off, the US saying it had exhausted its potential to compromise. The original US offer to North Korea had included energy supplies and a normalization of relations in exchange for ending the nuclear program - a mere freeze did not go far enough for the Americans. According to ORF online, China then put forth a compromise proposal which provides for North Korea shutting down its largest nuclear facilities two months from now and getting extensive energy deliveries in return. Apart from North Korea, China and the US, South Korea, Japan, and Russia still have to agree to the draft. The talks are to continue Tuesday.

US: Iran Supports Insurgents in Iraq

16. Iran has rejected charges it supports insurgents in Iraq with weapons. On Sunday, the US military presented alleged evidence of Iranian interference. Teheran claims Iran did not interfere in the Iraq conflict - "any interference in the internal affairs of Iraq would weaken the Iraqi government," said an Iraqi government spokesman. On Monday, EU foreign ministers agreed on sanctions against Teheran, including trade restrictions for nuclear and missile technology, travel restrictions, and a freezing of financial assets. The US had complained that EU companies are undermining the sanctions to preserve the close economic ties between Teheran and the EU. According to independent daily "Der Standard," the US military presented bomb fragments, explosives and other alleged evidence for an Iranian intervention. The weapons fragments are being brought across the border by Iraqi smugglers, claimed the US military,

adding that Iranian security forces are also involved and that they received orders "from the highest ranks of government." The Iranian Foreign Ministry rejects all the charges, stating that the Americans presented "weak evidence" which was "unacceptable." Centrist daily "Die Presse" reports that Teheran might be prepared to freeze its nuclear program and engage in negotiations. Spokesman for the Iranian Foreign Ministry Mohammed-Ali Hosseini indicated that his country does not rule out a moratorium on its uranium enrichment program to appease the concerns of the international community about Iran's nuclear program. On February 21, a further deadline set by the UN Security Council for the termination of the Iranian nuclear program will expire - speculation is that either Ahmadinejad's diplomatic advisors convinced him to tone down his rhetoric, or, alternately, that he has nothing to announce due to technical problems with the program.

McCaw